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SUBJECT: NIGERIA: SCENESETTER FOR CODEL JOHNSON (AUGUST
18-20, 2008)

SENSITIVE BUT UNCLASSIFIED. PROTECT ACCORDINGLY.

Introduction

1. (SBU) U.S. Mission Nigeria warmly welcomes Congressman Henry "Hank" Johnson, Jr. and his delegation to Abuja. Your visit comes three months into President Umaru Musa Yar'Adua's second year in office. Though the President came to power through deeply flawed elections, he was initially praised by many Nigerians and the international community for his pledges to reform Nigeria's political system, improve the economy, and instill a culture of respect for the rule of law. However, after more than a year of his administration, observers have grown restless to see Yar'Adua's positive rhetoric translate into tangible results. A May 2008 opinion poll indicated that President Yar'Adua's popularity had dropped to approximately 48% from its high of over 70% in September 2007. The Yar'Adua government inherited many serious challenges. Decades of unaccountable rule suppressed Nigeria's democratic institutions, eroded health and education infrastructure, failed to combat HIV/AIDS, allowed polio to reemerge as a transnational health threat, and impoverished the population. Revenues from crude oil, by far the country's most significant export, amount to just a dollar a day for each of Nigeria's 145 million people, and most of this has disappeared into the hands of a very small, corrupt elite. An ongoing crisis in electricity generation and delivery has crippled the tiny manufacturing sector. Despite successful macroeconomic reforms in recent years, most Nigerians live in poverty. Stability and security in the North (where most of Nigeria's estimated 70 million Muslims live) and the oil and gas-producing Niger Delta region are challenged by poor governance, corruption, and communal conflict. The people of Nigeria are starting to lose patience, and the Yar'Adua administration is under significant pressure to make needed reforms soon.

Politics of the Moment

2. (SBU) Nigeria had its third consecutive general election in April 2007, and in May 2007 President Yar'Adua of the ruling People's Democratic Party (PDP) assumed office. The transition from Olusegun Obasanjo to Umaru Yar'Adua was the first successful civilian-to-civilian transfer of power in Nigeria's history: a noteworthy achievement. However, most independent foreign and domestic observers agreed that the election which brought Yar'Adua to power was deeply flawed.

Two opposition candidates filed challenges to the outcome, and although President Yar'Adua's election was upheld in February 2008 by the Presidential Election Tribunal, his challengers have appealed that decision to the Supreme Court.

It is not certain when the Supreme Court will rule on the case, though many observers suggest it may be as late as October 2008. Until the conclusion of the election challenge, President Yar'Adua's tenure in office is not truly secure, and this may be affecting his government's performance.

13. (SBU) The President himself has admitted that his election was flawed, and in August 2007 he established a 22-member Electoral Reform Commission (ERC) which is charged with making recommendations to improve future elections in Nigeria. The USG as well as several other donor partners have helped fund technical assistance workshops for the ERC. The ERC was somewhat quiet during its first six months, but has become more visible during the past four months and conducted a series of public hearings around the country in June. The ERC is expected to present its findings this month. However, many observers believe that even if the President is genuinely committed to electoral reform, he will not take any significant actions on that front until the challenge to his own election has concluded and his tenure is secured.

14. (U) Both the National Assembly and the courts have enjoyed greater freedom from executive interference under Yar'Adua than his predecessor. The National Assembly has used this freedom to hold hearings on areas of concern, including

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suspicious sales of land by the government in the Federal Capital Territory (FCT) and lack of improvement in the power supply despite the previous government's allocation of billions of dollars for power projects. The National Assembly seems to be taking its oversight role more seriously, though the institution is still quite weak in comparison to the executive branch. The Assembly is very interested in building relationships with the U.S. Congress as it looks to develop institutional capacity. The Nigerian judiciary has been lauded by the public for its increasing independence. Courageous judges have overturned ten (counting Cross River) gubernatorial elections and dozens of National Assembly seats. However, some cases are still before the courts, and there are some credible allegations of bribery of certain judges in other cases; in addition, all of Nigeria's criminal courts are seriously backlogged.

15. (SBU) Part of President Yar'Adua's pledge to instill respect for the rule of law is continuing Nigeria's anti-corruption efforts, which are most visibly led by the Economic and Financial Crimes Commission (EFCC). Though many observers were pleased that the EFCC seemed invigorated in the early days of the administration, bringing charges against six former governors and investigating many other former governors and high-ranking former public officials, progress has slowed since early 2008. The government removed the internationally recognized head of the EFCC, Nuhu Ribadu, in late December 2007. The President appointed a new EFCC Chairwoman, Farida Waziri, in May 2008. Although two former governors under former President Obasanjo have been charged since Waziri took the helm, lack of action on some of the cases noted above have called into question the GON's commitment to pursue corrupt officials.

Nigeria's Role on the World Stage

16. (U) Nigeria is a major contributor to African peacekeeping initiatives. It currently has troops in Sudan and Liberia externally and internal deployments to the Chad border and Niger Delta areas. The GON has also pledged to send a battalion to Somalia, though discussions on the modalities of making this happen continue. Nigeria is the major African player in the Economic Community of West

African States(ECOWAS), and the headquarters of the regional organization is in Abuja. On the other hand, Nigeria is also the greatest impediment to ECOWAS-led trade liberalization. Nigeria has the largest population in Africa (current estimate: 145 million) and rightly sees itself as a leader not only in the continent but in world affairs. Nigeria has campaigned for United Nations reform and believes it deserves a permanent seat on the UN Security Council. President Yar'Adua had a very positive visit to Washington in December 2007, which included a White House meeting with President Bush. He visited France and South Africa in June 2008. Both President Yar'Adua and Foreign Minister Maduekwe also traveled to Sharm El-Sheikh, Egypt for an African Union Summit meeting at the end of June 2008. Both the President and the Foreign Minister made public statements in June 2008 calling for free and fair elections in Zimbabwe, and on July 21, President Yar'Adua was quoted in press reports saying that Nigeria did not recognize the June 27 run-off election of Zimbabwean President Robert Mugabe. According to the media reports, Yar'Adua stated that Nigeria is committed to rule of law within the country and throughout the continent.

Africa Command in Nigeria

17. (U) Press coverage of DoD's Africa Command (AFRICOM) in Nigeria was markedly negative until early this spring. In the months immediately following the announced establishment of AFRICOM, local media repeatedly described the Command as a USG effort to militarize Africa, and more specifically, Nigeria. AFRICOM was also described as a sort of security cooperation agreement similar to NATO. On January 30, the Ambassador held a press briefing to engage the media and help clear up any misperceptions about AFRICOM. The response from the press was substantial, generating significant positive media coverage on the U.S. policy priorities of AFRICOM.

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Since the January 30 press briefing, there has been a positive shift in the media about the perception of AFRICOM's mission, from a view of the Command as solely for offensive military operations, to now seeing it as more of a cooperative engagement between partners on overall military-to-military activities, humanitarian assistance, capacity building and technical assistance programs. Although senior officials in the GON have quietly expressed support for AFRICOM; they also highlighted the need for the USG to educate the Nigerian public and other government officials on the specifics of the Command. Members of the Nigerian House of Representatives Committee on Defense have shared similar misconceptions about AFRICOM, claiming approximately 85% of the legislators in the current National Assembly do not understand what the Command is intended to do. The legislators, however, have expressed interest in a dialogue on the subject of AFRICOM and have urged the USG to build a stronger bilateral military relationship with Nigeria.

Niger Delta

18. (U) For several years, armed groups have attacked individuals and property in the volatile Niger Delta region. Upon assuming office, President Yar'Adua pledged to make resolving the Niger Delta crisis a top priority. He acknowledged the need for greater security, infrastructure development, and job creation in the oil-producing region and pledged to hold a Niger Delta summit early in his administration. One year later, that summit has not yet happened, though plans are under way for a "Consultative Steering Committee" to begin discussions on the Niger Delta. UN official Ibrahim Gambari, a Nigerian citizen who agreed to take leave from his position as UN Undersecretary General to lead the discussions, ended up withdrawing from the position of Committee Chairman on July 10 due to pressure from Niger Delta stakeholders. A new Chairman has yet to be appointed and it is unclear when this Committee will begin to meet. In the meantime, attacks by criminals or armed groups (some of whom claim to be part of an amorphous umbrella group called

MEND) the Movement for the Emancipation of the Niger Delta) on pipelines, oil platforms, and other infrastructure as well as kidnappings of both Nigerians and expatriates continue to disrupt oil production. On June 19, a group of militants attacked Shell's Bonga field 75 miles offshore of Bayelsa State. The attack shut-in the field's production (approximately 200,000 barrels per day); in a related incident, the same group kidnapped an American citizen. (Note: The American was released by his captors the next day. End Note.) Another group blew up an oil pipeline near Chevron's Escravos terminal on June 21, temporarily halting 120,000 barrels per day of production. Reports are that Nigeria is losing approximately \$84 million per day on shut-in oil production. On June 23, a spokesman claiming to represent the fractious MEND sent a message to the press claiming it is ready to begin a "unilateral cease fire" until further notice.

The Economy/Global Food Crisis

¶9. (U) The Yar'Adua administration inherited solid macroeconomic figures and over the last 12 months those figures have stayed steady. According to the International Monetary Fund (IMF), Nigeria's real GDP growth was 6% in 2006, and 6.3% in 2007, with 9% forecast for 2008. Inflation remained in the (high) single digits until last month, when it hit 12% due to increases in food and fuel prices. The Central Bank and Finance Ministry are looking to an expected bumper harvest to dampen food prices and return inflation to below ten percent by the end of the year. Fiscal restraint has been maintained in the 2008 budget. Despite strong macroeconomic figures, the trade regime and investment climate have not improved. Nigeria has failed to uphold its commitments to the World Trade Organization and continues to have high tariffs and bans on a number of imports, including agricultural products and packaging materials. Job creation and new investment are still hampered by infrastructure problems, legal barriers to market access, high interest rates and lack of investor confidence in the rule of law.

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¶10. (U) Though there have not yet been major food shortages in Nigeria, prices for staples such as rice, maize, and millet have doubled since December 2007. High world prices for commodities are compounded by shrinking production in Nigeria due to lack of fertilizer, and trade policies that either ban outright the import of staple food items or impose high import tariffs on agricultural products. However, in May 2008 the GON agreed to lift the duty on imported rice for a six month period and released funds for the purchase of 500,000 metric tons of rice. As expected, this has improved supply and at least temporarily reduced rice prices in the country.

PEPFAR Nigeria

¶11. (U) Nigeria is the third-largest focus country for the President's Emergency Plan for AIDS Relief (PEPFAR). PEPFAR/Nigeria is jointly directed by USAID, CDC, and DOD and the program is implemented by over 40 partners. In 2008, PEPFAR/Nigeria is receiving nearly \$450 million to increase access to anti-retroviral therapy, prevention activities, and HIV-related care throughout the country. As of April 2008, USG-funded implementing partners are providing treatment to 150,000 Nigerians. Over the last 5 years, more than 2.5 million Nigerians have received HIV counseling and testing services from PEPFAR-supported programs. The PEPFAR/Nigeria team has put significant effort into building the capacity of local NGOs and proudly counts 10 Nigerian NGOs among its partners. PEPFAR/Nigeria and its partners work in close collaboration with the GON to implement PEPFAR and helped prepare the recent submission of the country's Global Fund Round 8 proposal.

Other Foreign Assistance Priorities and Activities

¶12. (U) The U.S. foreign assistance program in Nigeria is crafted to meet the strategic goals of accountable governance, economic growth and prosperity, a healthy and well-educated population, and peace and security through best practices development programs that enhance the image of the United States. To establish firmer foundations for democratic governance in Nigeria, the USG promotes partnerships between state and local governments and civil society to improve public expenditure management, public procurement, and service delivery at the local level; strengthen legislative institutions and build their capacity to combat corruption; support the Electoral Reform Committee to consult with Nigerian stakeholders and draft electoral reform legislation; and increase the capacity of civil society organizations and the media to press for targeted policy reforms, focusing on extractive industries and anti-corruption. To grow the economy and build livelihoods, the USG program promotes Intellectual Property Rights and strengthens the international framework that supports trade and investment. The program expands the pool of credit and investment open to individuals and small enterprises; improves the policy environment for agriculture; increases market-driven agricultural productivity and rural incomes to reduce dependence on food imports; and supports policy reforms to ensure that constraints affecting micro and small enterprise operations and competitiveness are eased.

¶13. (U) Given high child mortality rates, soaring population, and poor educational quality, assisting Nigeria to improve the lives of its people is central to the USG program. Tuberculosis and malaria prevention and treatment, routine immunizations against childhood illnesses, including polio, and increased access to maternal and newborn health interventions help reduce the annual burden of a million or more preventable young child deaths. (Note: Nigeria is one of only four remaining countries with endemic polio, and this is of particular concern because Nigeria's rate of infection is growing, many transmissions are of the more virulent "type 1" strain, and Nigeria is exporting cases to other African countries. President Yar'Adua and many other political and traditional leaders are aware of the problems with polio eradication and are engaged on the issue. In addition to

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supporting vaccination programs, the USG continues to engage the government and traditional leaders to encourage Nigeria's polio eradication efforts. End Note.) USG programs expand access to quality voluntary family planning services to reduce population growth. USG assistance improves the quality of basic education by training teachers, providing instructional materials, and engaging community institutions such as parent-teacher associations. We also address poor enrollment and attendance rates for girls in Northern Nigeria, and support the integration of secular subjects into the curriculum of Qur'anic schools.

¶14. (U) Nigeria plays a significant role in African regional affairs through its leadership in the African Union, ECOWAS, and other regional efforts. USG investments in peace and security help Nigeria sustain oil production, conduct peacekeeping operations, and deal with potential and actual threats from terrorism, narcotics, and money laundering activities. Conflict mitigation and reconciliation activities target vulnerable youth and provide for interfaith mediation, focusing on the volatile Northern and Niger Delta regions of the country.

¶15. (U) Partnership and collaboration with the GON, the private sector, civil society, and the donor community is a cornerstone of the USG approach. In the coming year, the U.S. Mission to Nigeria will sign Memoranda of Understanding with reform-minded states and will focus development interventions primarily in those states, integrating our efforts and our strategic approach with those of the World Bank and the UK's Department for International Development.

Over the next five years, we expect to leverage both private sector resources and host country contributions to achieve our foreign assistance objectives in Nigeria.

PIASCIK